

## Business Indicators ♦ July 2011

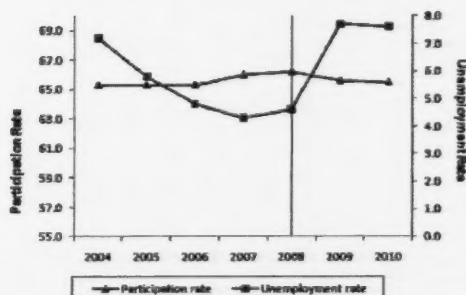
### The Road Back: Pre and Post Downturn Labour Market Statistics

#### The economic downturn

Prior to the economic downturn in 2008, BC was enjoying a period of strong growth in terms of lower unemployment rates<sup>1</sup>, and higher participation<sup>2</sup> and employment rates<sup>3</sup>, but shortly after 2008 these rates started to change—unemployment rates increased and participation and employment rates decreased.

#### Labour market characteristics

Both the participation and unemployment rates performed poorly after 2008



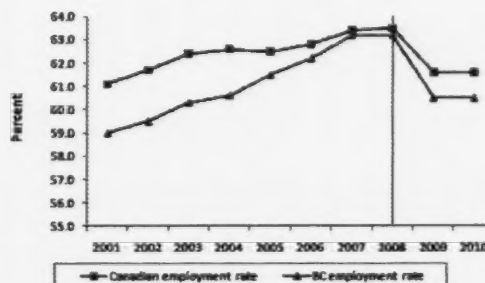
Source: Labour Force Survey 2010

From 2004 to 2008 BC's unemployment rate fell from 7.2 percent in 2004 to 4.6 percent in 2008 for those 15 years and older. Similarly, the provincial participation rate was growing, increasing from 65.3 percent in 2004 to 66.2 percent in 2008. After

2008 the unemployment rate jumped to 7.6 percent in 2010, while the participation rate fell to 65.5 percent.

BC's employment rate has been below the Canadian employment rate since 1998 (for those 15 years and older). The gap between the BC and Canadian employment rate was the greatest in 2002 at 2.2 percentage points (61.7 percent for Canada and 59.5 percent for BC). This gap was beginning to disappear in 2007 and 2008 when the BC employment rate was 0.2 percentage points and 0.3 percentage points below Canada's employment rate. After 2008, both Canada and BC had a drop in their respective employment rates, but BC's rate fell further causing the gap to increase 1.1 percentage points in 2009 and 2010.

British Columbian employment rate has been out-paced by the Canadian rate



Source: Labour Force Survey 2010

There appears to have been an increase in the number of people not participating in BC's labour force after a long period of gradual improvement between 2002 and 2007. The reported number of discour-

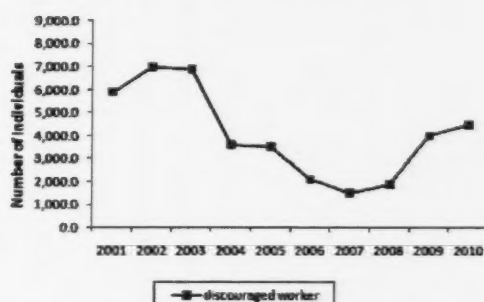
<sup>1</sup> The unemployment rate is the number of unemployed persons expressed as a percentage of the labour force.

<sup>2</sup> The participation rate represents the number of persons in the labour force expressed as a percentage of the total population.

<sup>3</sup> The employment rate is the total number of employed divided by the total population size.

aged workers<sup>4</sup> in 2002 was 7,000 which was the highest for the period 2001 to 2010. Between 2002 and 2007, the number of discouraged workers decreased, ultimately falling to a low of 1,500 people in 2007. The number of discouraged workers increased marginally between 2007 and 2008 and has remained above 4,000 since 2009. Just over half (56 percent) of the discouraged workers in 2010 were in the prime working age category (25 to 54 years). The discouraged worker group is almost equally split between men and women (58 percent versus 42 percent in 2010).

After years of improvement the number of discouraged workers increased in 2008



Source: Labour Force Survey 2010

### Reasons for looking for work

Between 2008 and 2010, the unemployment rate in BC increased by 3 percentage points; from 4.6 in 2008 to 7.6 in 2010. However, not all of the people who were unemployed had been laid-off. In 2010, 48 percent of those people looking for work reported the reason they were unemployed was because they had been laid-off; an increase of 6.1 percentage points from the 2008 figure (42 percent). The vast majority of those laid-off lost their job as a result of a permanent layoff—90.7 percent in 2010 and 85.5 percent in 2008. In 2010, new entrants<sup>5</sup> and

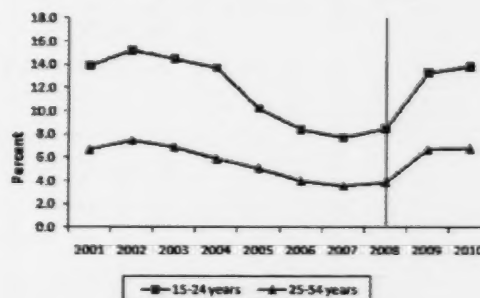
re-entrants<sup>6</sup> accounted for a third of the unemployed, a slight increase from the 28.3 percent reported in 2008.

### Gender and age differences

Men and women in BC were affected in significantly different ways by the downturn from 2008 to 2009. BC's men faced larger increases in the unemployment rates after the downturn compared to women (4.0 percentage points versus 2.0 percentage points respectively). The men also experienced a drop in their participation rate compared to a slight improvement for women (-1.3 percentage points versus 0.1 percentage points) and a larger decrease in their employment rate compared to BC's women (4.1 percentage points versus 1.2 percentage points).

Youth and older workers in BC were impacted differently by the downturn. Youth (aged 15 to 24) faced larger increases in the unemployment rate after the downturn compared to prime working age group (25 to 54)—5.3 percentage points versus 2.9 percentage points between 2008 and 2010. This gap in the unemployment rate between these two age groups was beginning to decline in 2007 when the youth unemployment rate was only 4.1 percent—points above the prime working age rate.

Youth in BC face higher unemployment rates compared to their older counterparts



Source: Labour Force Survey 2010

<sup>4</sup> Discouraged workers are defined as those persons who reported wanting to work at a job or business during reference week and were available but who did not look for work because they believed no suitable work was available.

<sup>5</sup> New Entrants are people entering the labour force in search of their first job.

<sup>6</sup> Re-entrants are people currently unemployed who had worked in the past and were out of the labour force for some time following separation from their last job.

The participation rate for youth has also seen a large decrease compared to their prime working age counterparts (-4.6 percentage points versus -0.3 percentage points from 2008 to 2010).

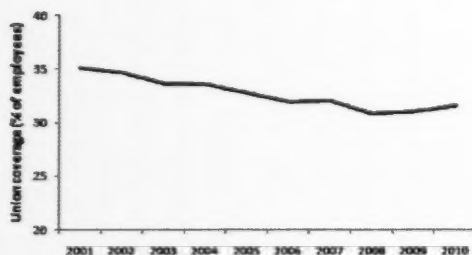
Older worker (65 years and older) in BC have also been impacted by the downturn. The participation rate of older workers has doubled since 2001 (5.2 percent versus 11.6 percent in 2010.) In 2008, the Labour Force Survey reported the first double digit participation rate (10.1 percent) for those workers 65 and over since the survey started in 1976.

### Union coverage<sup>7</sup>

Interestingly, over 85 percent of those covered by a union agreement work in the service sector, and women make up the majority of workers employed in this industry at 57 percent. The growth of union coverage has been considerably impacted by the downturn. Union coverage had an average annual growth rate of 0.5 percent from 2001 to 2008, but from 2008 to 2010, the average annual growth rate increased to 0.7 percent per year.

However, growth in union coverage has not kept pace with growth in the number of employees and the proportion of employees covered by a union agreement has also not recovered to pre-downturn levels. In 2010, union coverage stood at 31.6 percent of employees.

Union coverage has not returned to pre-downturn levels

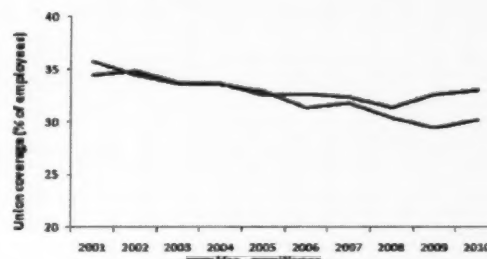


Source: Labour Force Survey 2010

<sup>7</sup> Employees who are members of a union and employees who are not union members but are covered by a collective agreement or a union contract.

There are differences in the union coverage between women and men in BC pre-and post-downturn. More women were covered by union agreements since 2006, with a notable increase from 2008 onward while male workers in BC saw a decline in the proportion covered by union agreements.

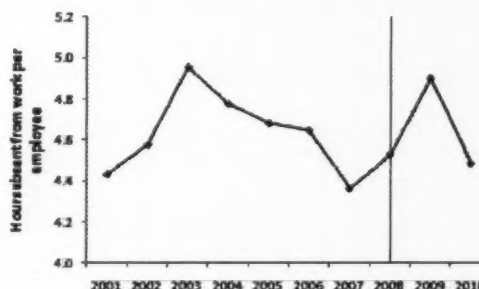
Union coverage rates for women and men have diverged since the downturn



Source: Labour Force Survey 2010

### Average hours absent from work

Absentee hours per employee were lower pre-downturn



Source: Labour Force Survey 2010

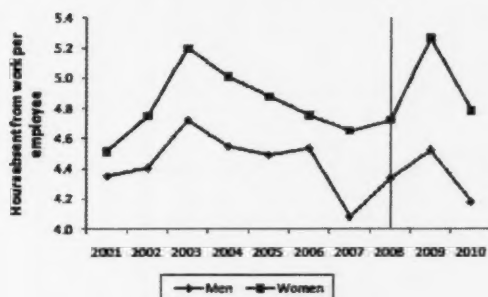
The average number of hours employees were absent from work<sup>8</sup> during a month declined from 2003 to 2007, falling from 5.0 to 4.4 hours per employee. The average hours missed per employee increased to 4.5 and 4.9 hours respectively in 2008 and 2009, and dropped back to 4.5 hours in 2010.

<sup>8</sup> Reasons for absence include own illness or disability, personal or family responsibilities, maternity or parental leave, vacation, weather, labour dispute, temporary layoff, job started or ended during reference week, holiday, working short time, and other reasons.

In 2010, relative to the rest of the western provinces and Canada, BC had fewer absentee hours per employee. BC workers were absent for 4.5 hours during a typical month, compared to 5.5, 4.9 and 4.7 hours for Saskatchewan, Manitoba and Alberta respectively. The total absentee hours at the national level was 4.6 hours.

From 2007 to 2009, there was an increase in the absentee hours for both men and women. For men, absentee hours increased from 4.1 in 2007 to 4.5 hours in 2009, while the number of hours missed by women increased from 4.7 to 5.3 hours. On a positive note, the number of hours men and women were absent from work decreased in 2010, down to 4.2 hours for men and 4.8 hours for women, approaching pre-downturn levels.

Men and women were absent from work by different amounts

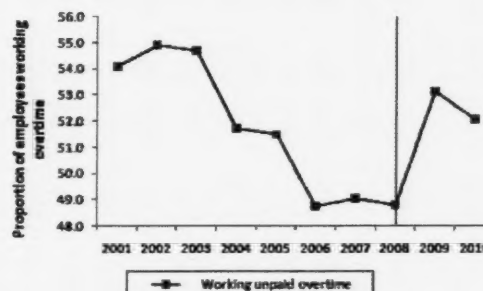


Source: Labour Force Survey 2010

### Overtime compensation

Since the early 2000s, about 1 in 5 employees worked paid or unpaid overtime. The proportion of employees who were working overtime and not being paid was high in the early 2000s, reaching a level of 54.9 percent in 2002. The proportion of these workers began to decline after 2002, reaching a proportion of 48.8 percent in 2008. After the downturn, the proportion of individuals working unpaid overtime increased to historical levels seen prior to 2004.

Post-downturn fewer British Columbian employees who worked overtime received any compensation



Source: Labour Force Survey 2010

Some of the differences were seen when the gender of the workers was considered. Almost two-thirds (65.2 percent) of women reported they were working unpaid overtime to only 4 in 10 (43.1 percent) of men, a difference of 22.1 percentage points.